

Message Text

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ACTION AID-05

INFO OCT-01 NEA-06 ISO-00 IGA-01 FS-01 ABF-01 CIAE-00

INR-07 NSAE-00 RSC-01 /023 W
 ----- 015962

R 301220Z DEC 74

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 3368

C O N F I D E N T I A L AMMAN 7751

E.O. 11652: GDS

TAGS: EAID, EFIN, JO

SUBJ: LATEST 1974 CASH FLOW BUDGET

REF: AMMAN 4692

1. FOLLOWING DATA WAS CONDENCED FROM GOJ/BUDGET DEPARTMENT'S
 LATEST CASH FLOW BUDGET, WHICH SHOWS ACTUAL RECEIPTS AND EX-
 PENDITURES FOR JANUARY THROUGH OCTOBER WITH ESTIMATES FOR THE
 LAST TWO MONTHS OF 1974. THE COMPLETE TABLES ARE BEING FORWARDED
 BY AIR POUCH.

CASH FLOW
 1/1/74 TO 12/31/74
 (IN THOUSANDS OF JD-1JD EQUALS \$3.145)
 ACTUAL
 1/1 TO 11/1 TO
 10/31/74 12/21/74 TOTAL

CASH DEFECIT CARRIED

FORWARD FROM 1973	-13,500	-	-
I. REVENUES-TOTAL	109,000	22,500	131,500
A. DOMESTIC	50,400	16,500	66,900
GENERAL	42,100	10,500	52,600
PROFITS FROM CENTRAL			
BANK	5,900	6,000	11,900
TAPLINE ROYALTIES	2,400	-	2,400
B. DOMESTIC BORROWING	8,000	4,000	12,000

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C. FINANCIAL ASSISTANCE 50,000 2,000 52,600

SAUDI ARABIA	12,900	-0-	12,900
KUWAIT	10,200	2,000	12,200
U.S.	12,900	-0-	12,900
OTHER	14,600	-0-	14,600
II. EXPENDITURES (TOTAL)	103,100	30,900	134,000
A. CURRENT	85,800	20,900	106,700
CIVIL SERVICE	34,100	8,100	42,200
PUBLIC SECURITY	5,900	900	6,800
ARMED FORCES	36,000	8,500	44,500
DEBT SERVICE	1,800	500	2,300
REFUGEE RELIEF	3,000	500	3,500
EMERGENCY	5,000	2,400	7,400
B. CAPITAL EXPENDITURES	11,500	8,000	19,500
ORDINARY	4,900	4,900	9,200
DEBT SERVICE	3,300	4,300	7,600
PROJECTS	1,000	600	1,600
DEVELOPMENT	7,200	3,100	10,300
OBLIGATIONS CARRIED FORWARD			
FROM 1973	5,800	2,000	7,800
III. DEFICIT/SURPLUS			
ACCUMULATED	-7,600	-8,400	-16,000

2. COMPARED WITH PREVIOUS CASH FLOW (REFTEL), LATEST BUDGET SHOWS DECLINE IN REVENUES BY 5 PERCENT AND 4 PERCENT DROP IN EXPENDITURES. THE CASH FLOW DEFICIT FOR FY-74 (INCLUDING THE 1973 DEFICIT CARRIED FORWARD) ESTIMATED AT JD 16 MILLION, UP JD 1.4 MILLION FROM THE PREVIOUS ESTIMATE.

3. DECLINE IN REVENUES DUE TO LOWER BUDGET SUPPORT, NOW SET AT JD 52.6 MILLION. U.S. ASSISTANCE OF JD 12.9 MILLION, ROUGHLY \$40 MILLION, INCLUDES \$10 MILLION PAYMENT IN JANUARY, \$10 M PAYMENT IN JULY AND \$20 M PAYMENT IN OCTOBER. COMPLETE GOJ CASH FLOW (AIR POUCHED) SHOWS AN ADDITIONAL JD 18 M IN BUDGET SUPPORT FROM U.S.

4. ACCORDING TO BUDGET DIRECTOR OBAYD, INCREASE OF JD 10 MILLION IN "OTHER FINANCIAL ASSISTANCE" WAS RECEIVED IN TWO APPROXIMATELY EQUAL UNITED GRANTES FROM ABU DHABI AND QATAR.

5. DOMESTIC REVENUES ARE LITTLE CHANGED FROM THE LAST
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ESTIMATE. THESE REVENUES INCLUDE PHOSPHATE EXPORT TAX IMPOSED LAST APRIL, EST AT JD 6 MILLION, AND BETWEEN JD 1/2 AND MILLION FROM GOJ'S SHARE OF PHOSPHATE COMPANY PROFITS.

6. DOMESTIC BORROWING UP 20 PERCENT FROM PREVIOUS CASH FLOW BUDGET TO JD 12 MILLION. OF THIS TOTAL, 5 MILLION IN DEVELOPMENT BONDS WERE SOLD EARLIER, WHILE JD 3 MILLION ISSUE RECENTLY PUT ON MARKET. ACCORDING TO CENTRAL BANK OFFICIAL, PUBLIC ACCEPTANCE

OF LATEST ISSUE HAS NOT BEEN ENTHUSIASTIC SO FAR. BONDS NOT SUBSCRIBED BY PRIVATE INVESTORS WILL BE PURCHASED BY CENTRAL BANK. BONDS BEAR 7.5 PERCENT INTEREST, INCLUDE A LOTTERY FEATURE AND ARE TAX FREE. TREASURY BILLS TO PROVIDE JD 4 MILLION OF GOJ REVENUES.

7. THE MAIN CHANGES IN CURRENT EXPENDITURES ARE SHARP INCREASE IN "EMERGENCY" CATEGORY AND JD 1.9 MILLION DECLINE IN ARMED FORCES ALLOCATION. ACCORDING TO OBAYD, "EMERGENCY" EXPENDITURES OF JD 7.4 MILLION ARE ABOUT EVENLY DIVIDED BETWEEN COST OF FOOD SUBSIDIES (WHEAT AND SUGAR) AND BENEFITS FOR MIL PERSONNEL GRANTED AFTER ZARQA INCIDENT IN FEB 1974. IN PREVIOUS CASH FLOW BUDGET, BENEFITS FOR MILITARY WERE INCLUDED IN ARMED FORCES, THUS THE DROP IN THIS ALLOCATION, WHILE COST OF FOOD SUBSIDIES WAS INCLUDED IN CIVIL SERVICE ALLOCATION.

8. CAPITAL EXPENDITURES DOWN JD 10 MILLION, PRIMARILY BECAUSE OF DECLINE IN SPENDING FOR DEVELOPMENT. ACCORDING TO OBAYD, SHORTFALL IN DEVELOPMENT SPENDING DUE TO DELAYS IN START UP OF PROJECTS; HE INDICATED THIS SITUATION IS USUAL. COMPLETE CASH FLOW (AIR POUCHED) SHOWS JD 9.2 MILLION IN DEVELOPMENT EXPENDITURES CARRIED FORWARD TO 1975.

9. ORDINARY CAPITAL EXPENDITURES INCLUDE SERVICE ON DEVELOPMENT BORROWING AND NON-DEVELOPMENT CAPITAL SPENDING. DEBT SERVICE DOWN BY JD 1.3 MILLION BECAUSE AMOUNT DUE U.K. CONTRACTOR FOR HADJAZ RAILWAY HAS BEEN DROPPED FROM LATEST CASH FLOW.

10. CONCERNING RABAT PAYMENTS, OBAYD INDICATED THAT SO FAR AT LEAST \$70 MILLION SEEMS ASSURED AND THAT MOST OF THIS WOULD BE EARMARKED FOR MILITARY. NO PAYMENTS HAVE BEEN RECEIVED YET, HOWEVER, AND HE UNCERTAIN WHETHER PAYMENTS WILL BE EARMARKED FOR END ITEMS OR WHETHER THEY CAN ALSO BE USED FOR OPERATIONS AND

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MAINTENANCE.

11. BUDGET FOR 1975 APPROVED BY GOJ CABINET YESTERDAY AND WILL BE REPORTED AS SOON AS WE HAVE MORE DETAILS. SUDDARTH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, ECONOMIC ASSISTANCE, DATA, CAPITAL FLOWS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974AMMAN07751
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740377-0158
From: AMMAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974126/aaaaaehn.tel
Line Count: 158
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 74 AMMAN 4692
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by WorrelSW>; APPROVED <30 DEC 2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LATEST 1974 CASH FLOW BUDGET
TAGS: EAID, EFIN, JO, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005